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**FISCAL IMPACT STATEMENT**

**LS 6657**

**BILL NUMBER:** SB 275

**NOTE PREPARED:** Mar 18, 2013

**BILL AMENDED:** Feb 12, 2013

**SUBJECT:** Property Tax Installment Payments.

**FIRST AUTHOR:** Sen. Miller Patricia

**FIRST SPONSOR:** Rep. Truitt

**BILL STATUS:** CR Adopted - 2<sup>nd</sup> House

**FUNDS AFFECTED:**     **GENERAL**  
                              **DEDICATED**  
                              **FEDERAL**

**IMPACT:** Local

**Summary of Legislation:** (Amended) This bill has the following provisions:

*Tax Sale List:* The bill provides that a county auditor shall (rather than may, under current law) remove real property from the tax sale list if the county treasurer and the taxpayer agree to a mutually satisfactory arrangement for the payment of the delinquent taxes. It adds a requirement that the county treasurer must have provided a copy of the written agreement for the arrangement to the county auditor.

*Partial Payment Plan:* The bill provides that if a county council does not adopt an ordinance allowing taxpayers to make installment payments of property taxes, the county treasurer shall develop and implement a plan to accept partial payments of property taxes. It specifies that the county treasurer shall notify taxpayers on the property tax bill or envelope used to mail property taxes that the county has adopted a plan to accept partial payments.

**Effective Date:** (Amended) July 1, 2013; January 1, 2014.

**Explanation of State Expenditures:**

**Explanation of State Revenues:**

**Explanation of Local Expenditures:** (Revised) *Summary:*

(1) *Tax Sale List:* The immediate impact would depend upon whether there have been a significant number of instances in which the county auditor has kept a parcel on the tax sale list even though the county

treasurer and the taxpayer have reached an agreement on the payment of delinquent taxes. Assuming that this generally does not occur, this provision would probably have a minimal impact. If the opposite is true, then the number of parcels removed from the tax sale list would increase.

In the relatively longer term, the impact would depend upon whether an item of real property that the auditor would have kept on the tax sale list was removed because of this provision, and then the taxpayer could not meet the tax payments under the agreement. If the property would have been sold at the tax sale, this would represent a possible loss of the revenue to the county.

(2) *Partial Payment Plan*: For each applicable county, the fiscal impact would depend on the scope and complexity of the partial payment plan devised and the number of taxpayers who use the plan to pay their property taxes. In many cases, the bill would formalize a process that is already in place. For example, in December 2012, an informal survey on payment plans was conducted with approximately 50 counties. Of the 26 counties that replied, all of them indicated that they accepted partial payments (on-line payments for which the taxpayer paid a fee, or in person at the treasurer's office). Sometimes, partial payments were accepted so that the taxpayer would not become delinquent.

(Revised) *Additional Information*

*Tax Sale List*: The current statute permits a county auditor to remove an item of real property from the tax sale list if the county treasurer and the taxpayer agree to a mutually satisfactory arrangement for the payment of delinquent taxes. This bill removes the auditor's discretion and requires the auditor to remove the parcel in question from the tax sale list if the taxpayer and the auditor have reached a payment agreement.

The agreement, which must be in writing and signed by the taxpayer, requires the taxpayer to pay the delinquent taxes in full not later than the last business day before July 1 of the year after the date the agreement is signed. If the taxpayer fails to make a payment under this arrangement, the auditor shall immediately place the property on the tax sale list.

*Partial Payment Plan*: Under current law, a county, at its discretion, can adopt an ordinance which permits a taxpayer to pay property taxes (including provisional tax payments and tax payments due under a reconciling statement) by automatic monthly deductions from an account of the taxpayer held by a financial institution, or by some other monthly installment plan.

Under this bill, for property taxes first due and payable in 2014 and after, each county that does not have a monthly payment plan in place would be required to develop and implement a plan to accept partial payments. The treasurer shall notify taxpayers by placing a statement on the property tax bill that the county has adopted a plan to accept payments.

**Explanation of Local Revenues:** (Revised) *Partial Payment Plan*: The impact would depend on taxpayer participation in the partial payment plan. Depending on how the plan is implemented, counties in which a relatively large number of taxpayers elect to make partial payments would receive more of their revenue throughout the year rather than twice a year. In general, this might smooth out the treasurer's cash flow and possibly increase interest earnings, some of which could be applied to offset the expense, if any, of implementing the plan.

**State Agencies Affected:**

**Local Agencies Affected:** County treasurers; County Auditors.

**Information Sources:** Communication with several counties.

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